

MANAGER'S AMENDMENT

SECTION-BY-SECTION SUMMARY

Page number indicate pages of the Manager's Amendment.

MANAGER'S AMENDMENT (Technical Changes)

Page 1. The amendment corrects a typo in the subheading. The underlying bill policy remains that non-expansion States will not have DSH reduction as scheduled under current law, October 1, 2017.

Page 1. Strikes 114(c) regarding state payment for individuals ineligible for the Medicaid program.

Pages 1-3. This section of the amendment includes technical corrections to the Safety Net funding for Non-Expansion States in the underlying bill.

- Correction to the timeframe for the implementation of the Safety Net Fund so it begins Fiscal Year 2018 (October 1, 2017) rather than Calendar Year 2018.
- Clarifies the duration of the fund extends through Fiscal Year 2022.
- Technical correction to clarify that payments to Medicaid providers under the Fund, net of other payments, are not to exceed the costs for providing care to Medicaid patients and the uninsured.
- Technical and formatting corrections to provision in the underlying bill regarding the allotment used to calculate the funding to States. The allotment is still calculated using a non-expansion State's portion of the total number of individuals in non-expansion States in 2015.

Page 3. Makes technical corrections to the per capita allotment to ensure non-DSH supplemental payments are accounted for under the reforms in the underlying bill and are attributed to individuals enrolled in the per capita allotment. This technical correction comports with the intent of the underlying bill to ensure that in the per capita allotment calculation, funding for all non-DSH supplemental payments in 2016 is included under the allotment calculation. Also clarifies that funding for childhood vaccines is excluded from the per capita allotments, in keeping with the intent of the underlying bill.

Page 4. Makes technical conforming changes to clarify the Relative State Uninsured and Issuer Participation Proportion for the Patient and State Stability Fund. There is also one grammatical correction in this section.

Page 4. Strikes small group market from continuous coverage since this would be duplicative. Currently, the small group market has complied with certain continuous coverage standards, like guaranteed renewability, since the Health Insurance Portability and Accountability Act of 1996, known as HIPAA. There is also one cross-reference citation correction.

Page 5. This section of the amendment makes technical changes to the conforming amendments of the Premium Tax Credit in the reported text.

Page 5. This section of the amendment strikes Section 203, the Premium Tax Credit, of the reported bill to accommodate the technical restructuring of the new tax credit made as a result of Senate guidance to maintain the privilege of the bill. The amendment then includes a renumbering of the subsequent sections.

Page 6. This section of the amendment renames the section to reflect an additional policy change.

Page 6-21. This section of the amendment includes the technical restructuring of the new tax credit made as a result of Senate guidance to maintain the privilege of the bill. This includes repealing and replacing Section 36B of the Internal Revenue Code and removing a policy to allow excess tax credit funds to be deposited into an otherwise eligible individual's health savings account.

MANAGER'S AMENDMENT (Policy Changes)

Pages 1-4. This section of the amendment redrafts portions of the language in the underlying bill related to changes to Medicaid expansion.

- **Page 1.** Terminates Obamacare's mandatory requirement for States to expand Medicaid for certain childless non-disabled, non-elderly, non-pregnant adults up to 133% FPL. Also sunsets the optional ability for a State to cover adults above 133% FPL, effective December 31, 2017.
- **Page 2.** Preserves the ability of States to cover Medicaid expansion enrollees (childless non-disabled, non-elderly, non-pregnant adults) at a State's regular Federal Medical Assistance Percentage (FMAP) by designating a new optional category in Section 1902 (nn) of the *Social Security Act*.
- **Page 3.** Medicaid expansion enrollees who were enrolled in Medicaid expansion prior to December 31, 2019 receive "grandfathered" status. States will receive the enhanced matching rate under current law (90 % in CY2020), for grandfathered enrollees as long as such individuals remain eligible and enrolled in the program.
- **Pages 3-4.** Changes Obamacare's enhanced FMAP for Medicaid expansion by limiting the enhanced FMAP for Medicaid expansion States that already have expanded Medicaid to cover able-bodied adults as of March 1, 2017. Thus, any new State that might expand Medicaid to cover low non-disabled, non-elderly, non-pregnant, able-bodied adults up to 133% FPL would receive that State's regular FMAP and would not receive the enhanced FMAP. Makes a conforming technical change to continue the policy in the base bill that freezes the Obamacare enhanced FMAP provided for certain States that covered low-income adults prior to Obamacare at the State's regular FMAP.

Pages 4-7. This section of the amendment creates a new section of the Social Security Act to give States the option of instituting a work requirement in Medicaid for nondisabled, nonelderly, non-pregnant adults as a condition of receiving coverage under Medicaid. The amendment adopts the language from Mr. Griffith's bill, H.R. 1381, which was modeled after the requirements and exemptions that exist in TANF under current law. States could begin using this new option on October 1, 2017.

The amendment grants broad flexibility to states to implement the requirement as they see fit. However, a few requirements are imposed. For example, the amendment defines what a work requirement entails by using the countable TANF activities defined in section 407(d) in the *Social Security Act*. Countable work activities include the following, in addition to unsubsidized employment:

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| ▪ Subsidized private sector employment; | received a high school diploma or a certificate of high school equivalency; |
| ▪ Subsidized public sector employment; | ▪ Satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence, if a recipient has not completed secondary school or received such a certificate; and |
| ▪ Work experience; | ▪ Providing childcare services to an individual who is participating in a community service program. |
| ▪ On-the-job training (OJT); | |
| ▪ Job search and job readiness assistance; | |
| ▪ Community service programs; | |
| ▪ Vocational educational training; | |
| ▪ Job skills training related to employment; | |
| ▪ Education directly related to employment, in the case of a recipient who has not | |

Under the amendment, a state may not impose a work requirement as a condition of receiving medical assistance under Medicaid on:

- Pregnant women;
- Children under the age of 19;
- An individual who is the only parent or caretaker of a child under the age of 6 or who is the only parent or caretaker of a child with a disability; and,
- An individual under the age of 20 who is married or is the head of the household and maintains satisfactory attendance at school or participates in education directly related to employment.

To ensure that states have the tools capable to implement the work requirement, the amendment provides a 5% administrative FMAP bump to states who choose to implement a work requirement.

Page 7. Makes technical conforming changes to clarify the per capita allotment growth rate compounds year to year, in keeping with the intent of the underlying bill.

Page 8. Increases the annual inflation factor for the elderly and disabled from CPI-U Medical to CPI-U Medical +1.

Pages 8-10. For any state that in 2016 had a DSH allotment that was more than six times the national average and requires political subdivisions within the State to contribute funds toward Medicaid, the amount of allowable medical assistance expenditures under the per capita allotment reform is reduced by the amount required to be raised from the political subdivisions. The amendment provides an exception of the State requires such funds from political subdivisions with a population that exceeds 5,000,000.

- **Pages 10-18.** Consistent with the vision outlined in the House Republican health care proposal, *A Better Way*, the amendment creates a new option for States to opt to receive, starting Fiscal Year 2020, a flexible block grant of funds for providing health care for their traditional adult and children populations served in the per capita allotment. Funding for the block grant would be determined using the same a base year calculation for the per capita allotment reforms.
- **Pages 10-11.** States may choose to provide care for certain populations by receiving a block of funds for a period of 10 years, rather than providing care through the per capita allotment.
- **Pages 12-13.** States choosing the block grant are required to submit a report that identifies the conditions for eligibility under the block grant which are in lieu of eligibility in current law, except in the case of certain low-income pregnant women and children in poverty.
- **Pages 13-14.** States choosing the block grant are also required to, in the submitted report, outline the types of items and services; the amount, duration, and scope of such services; the cost-sharing with respect to such services; and the method for delivering care. These items and services are in lieu of those requirements in current law, except that the block grant must provide medical assistance for hospital care; surgical care and treatment; medical care and

treatment; obstetrical and prenatal care and treatment; prescribed drugs, medicines and prosthetics; other medical supplies and services; and health care for children under 18 years of age.

- **Pages 14.** A plan shall be deemed approved by the Secretary of HHS unless the Secretary finds within 30 days that the plan is incomplete or actuarially unsound.
- **Pages 15-16.** The amount of block grant funding shall be calculated by computing the per capita cost for the eligible population, multiplied by the number of enrollees in the year prior to adopting a block grant. The funding will increase by the growth in the consumer price index but will not adjust for changes in population. Unused funds rollover and remain available for expenditure so long as a State has a block grant.
- **Page 17.** A State may choose to provide health care to either non-expansion adults and children, or just non-expansion adults.
- **Page 18.** States adopting the block grant are required to contract with an independent entity to ensure the State is in compliance with the requirements for a block grant. Such audit reports are required to be made available to HHS upon request.

Pages 18-20. This section of the amendment establishes Section 141 of the Social Security Act creating an American Health Care Implementation Fund within the U.S. Department of Health and Human Services (HHS) to carry out:

- Sec. 121. Per capita allotment for medical assistance;
- Sec. 132. Patient and State Stability Fund;
- Sec. 202. Additional modifications to premium tax credit; and,
- Sec. 214. Refundable tax credit for health insurance coverage.

A \$1,000,000,000 appropriation is made to the fund.

Page 19. This section of the amendment adds an additional year of relief from Obamacare's Cadillac tax, moving the implementation date from 2025 to 2026.

Page 19. This section of the amendment accelerates relief from the Tax on Over-the-Counter Medications tax by one year; repeal is effective beginning in 2017.

Page 19. This section of the amendment accelerates relief from the Repeal of Increase of Tax on Health Savings Accounts by one year; repeal is effective beginning in 2017.

Page 19. This section of the amendment accelerates relief from the Repeal of Limitations on Contributions to Flexible Spending Accounts by one year; repeal is effective beginning in 2017.

Page 19. This section of the amendment accelerates relief from the Repeal of Medical Device Excise Tax by one year; repeal is effective beginning in 2017.

Page 19. This section of the amendment accelerates relief from the Repeal of Elimination of Deduction for Expenses Allocable to Medicare Part D Subsidy by one year; repeal is effective beginning in 2017.

Page 19. This section of the amendment accelerates relief from the Medical Expense Deduction by one year (effective beginning in 2017) and makes necessary conforming changes. It also reduces the qualifying adjusted gross income threshold from 10 percent to 5.8 percent— which is lower than the pre-Obamacare level of 7.5 percent. The latter policy will provide additional support for Americans with high health costs— including low- and middle-income seniors.

Page 19-20. This section of the amendment accelerates relief from the Repeal of Medicare Tax Increase by one year (repeal is effective beginning in 2017) and includes a transition rule to accommodate employer withholding.

Page 20. This section of the amendment accelerates relief from the Repeal of Tax on Prescription Medications by one year; repeal is effective beginning in 2017.

Page 20-21. This section of the amendment accelerates relief from the Repeal of Health Insurance Tax by one year; repeal is effective beginning in 2017.

Page 21. This section of the amendment accelerates relief from the Repeal of Tanning Tax by six months; repeal is effective June 30, 2017, to reflect the quarterly nature of this collected tax.

Page 21. This section of the amendment accelerates relief from the Repeal of Remuneration from Certain Insurers by one year; repeal is effective beginning in 2017.

Page 21. This section of the amendment accelerates relief from the Repeal of Net Investment Tax by one year; repeal is effective beginning in 2017.